



# Los Angeles County AUDIT COMMITTEE

Gerardo Pinedo, Chair  
2<sup>nd</sup> District  
Carl Gallucci, Vice-Chair  
4<sup>th</sup> District  
Louisa Ollague  
1<sup>st</sup> District  
Genie Chough  
3<sup>rd</sup> District  
Lori Glasgow  
5<sup>th</sup> District

## MEETING MINUTES December 20, 2007

Chair Pinedo called the meeting to order at 1:40 p.m. in Conference Room 525, Kenneth Hahn Hall of Administration.

### Committee Members Present

Genie Chough, First District  
Gerardo Pinedo, Second District  
Lori Glasgow, Fifth District

### Committee Members Absent

Carl Gallucci, Fourth District  
Louisa Ollague, First District

### Others in Attendance

Don Chadwick, Auditor Controller  
Natoya Henderson, Chief Executive Office (CEO)  
Jim Schneiderman, Auditor Controller  
Jack Skudrew, Auditor Controller  
Lee Millen, Board of Supervisors  
Juanita Smith, Board of Supervisors

### Approval of Minutes

On motion of Lori Glasgow, seconded by Genie Chough and unanimously carried, the minutes of November 15, 2007 were approved with the following correction:

**Page 3, South Bay Bright Future Foster Family Agency Contract Review – A Department of Children and Family Services Service Provider (10/4/07): On motion of Lori Glasgow, seconded by Louisa Glasgow Ollague and unanimously carried, the Committee approved continuing this item to its December 20, 2007 Audit Committee meeting.**

### Old Business

**Board Policy #5.110 – Sunset Review Date (2/22/07): On motion of Genie Chough, seconded by Gerardo Pinedo and unanimously carried, the Committee approved continuing the Sunset Review date to March 10, 2010.**

**Review of Board Policy Number 5.045 – Sunset Review Date (7/17/07): On motion of Lori Glasgow, seconded by Genie Chough and unanimously carried, the Committee approved continuing this item to its January 17, 2008 Audit Committee meeting.**

**Gay and Lesbian Adolescent Social Services, Inc., Contract Compliance Review – A Mental Health Service Provider (10/4/07): On motion of Lori Glasgow, seconded by Genie Chough and unanimously carried, the Committee approved continuing this item to its January 17, 2008 Audit Committee meeting.**

Southbay Bright Future Foster Family Agency Contract Review – A Department of Children and Family Services Service Provider (10/4/07): **On motion of Lori Glasgow, seconded by Genie Chough and unanimously carried, the Committee received and filed this report.**

Healthview Review Inc. Dba Harbor View House Contract Compliance Review – A Department of Mental Health Service Provider (10/4/07): **On motion of Lori Glasgow, seconded by Genie Chough and unanimously carried, the Committee received and filed this report.**

Sunset Review for the Los Angeles County Commission on Judicial Procedures (11/8/07) **On motion of Lori Glasgow, seconded by Genie Chough and unanimously carried, the Committee approved continuing the Sunset Review date to November 1, 2008.**

County Procurement Risk Assessment and Audit Plan (12/11/07): Genie Chough commended staff on the Audit Plan. Natoya Henderson, Chief Executive Office, (CEO) reported that her responsibility is to assess procurement practices and fiscal policies. Gerardo Pinedo requested that Ms. Henderson note the Second District's concern regarding the Sole Source Contract practices, primarily in the Department of Health Services, at her next staff meeting. **On motion of Lori Glasgow, seconded by Genie Chough and unanimously carried, the Committee received and filed this report.**

Review Response to Fiscal Corrective Action Plan (FCAP) of Community Youth Sports and Arts Foundation – A Group Home Foster Care Contractor (July 10, 2007): **On motion of Lori Glasgow, seconded by Genie Chough and unanimously carried, the Committee received and filed this report.**

Transitional Living Centers for Los Angeles County, Inc. Contract Compliance Review – A Department of Mental Health Service Provider (11/13/07): **On motion of Lori Glasgow, seconded by Genie Chough and unanimously carried, the Committee received and filed this report.**

Masada Homes Foster Family Agency Contract Review – A Department of Children and Family Services Service Provider (11/13/07): **On motion of Lori Glasgow, seconded by Genie Chough and unanimously carried, the Committee received and filed this report.**

Watts Healthcare Corporation – A Department of Public Health HIV/AIDS Preventive Care and Care Services Provider (11/13/07): Gerardo Pinedo inquired if the Department provides any technical assistance which would prevent agencies from having compliance issues and would improve their agency's performance.

Don Chadwick, Auditor Controller's Office, reported that the technical aspects which are provided to an agency are program related and not business related. However, Public Health will be contacted to inquire what other assistance is provided to contractors; a status report will be provided at the January 17, 2008 Audit Committee meeting. **On motion of Lori Glasgow, seconded by Genie Chough and unanimously carried, the Committee received and filed this report.**

Saint John's Health Center Contract Compliance Review – A Department of Mental Health Service Provider (11/13/07): **On motion of Lori Glasgow, seconded by Genie Chough and unanimously carried, the Committee received and filed this report.**

Status Report – County Payroll/Personnel Risk Assessment and Audit Plan (Board Agenda Item No. 49-A, September 11, 2007) (11/13/07): Jim Schneiderman, Auditor Controller's Office, reported that pending completion of training, a status report will be presented at the December 14, 2007 Assessment of Payroll/Personnel Risk at the January 17, 2008 Audit Committee meeting. **On motion of Genie Chough, seconded by Lori Glasgow and unanimously carried, the Committee continued this item to its February 21, 2008 Audit Committee meeting.**

Center for Healthy Aging Contract Compliance Review – A Department of Mental Health Service Provider (11/14/07): **On motion of Lori Glasgow, seconded by Genie Chough and unanimously carried, the Committee received and filed this report.**

Serenity Infant Care Homes, Inc. Foster Family Agency Contract Review – A Department of Children and Family Services Service Provider (11/14/07): **On motion of Lori Glasgow, seconded by Genie Chough and unanimously carried, the Committee received and filed this report.**

Jewish Vocational Service Contracts – A Community and Senior Services Workforce Investment Act Program Provider (11/19/07): **On motion of Lori Glasgow, seconded by Genie Chough and unanimously carried, the Committee received and filed this report.**

Goodwill Industries of Southern California Contract – A Community and Senior Services Workforce Investment Act Program Provider (11/19/07): **On motion of Lori Glasgow, seconded by Genie Chough and unanimously carried, the Committee received and filed this report.**

Semi-Annual Fraud Hotline Status Report (11/20/07): **On motion of Lori Glasgow, seconded by Genie Chough and unanimously carried, the Committee received and filed this report.**

Bienvenidos Children's Center, Inc., Contract Compliance Review – Wraparound Program and Mental Health Services (11/27/07): **On motion of Lori Glasgow, seconded by Genie Chough and unanimously carried, the Committee received and filed this report.**

South Central Health and Rehabilitation Program Contract Compliance Follow-Up Review – A Mental Health Services Provider (11/29/07): **On motion of Lori Glasgow, seconded by Genie Chough and unanimously carried, the Committee received and filed this report.**

Department of Registrar-Recorder/County Clerk Personnel/Payroll Review (11/30/07): **On motion of Lori Glasgow, seconded by Genie Chough and unanimously carried, the Committee approved continuing this item to its January 17, 2008 Audit Committee meeting.**

Chief Executive Office – Audits of Cable Television Franchises (12/3/07): **On motion of Lori Glasgow, seconded by Genie Chough and unanimously carried, the Committee received and filed this report.**

Star View Children and Family Services Contract Review – Wraparound Approach Services Program (12/4/07): Genie Chough expressed her concern that the report lacks detailed documentation. Further, auditors were not able to determine whether the \$2 million in management costs was warranted or if the costs were reasonable and necessary for the Wraparound Program.

Don Chadwick, Auditor Controller's Office, reported that following an audit that discovered \$2 million payment to Star view, an inquiry was made to the cost involved, however, the agency was unable to provide a detailed accounting of costs incurred. Star View recognizes that their response was too general and they are working with DCFS to develop a more detailed contract between the two agencies.

In response to Genie Chough on whether or not the Audit Committee could be informed on the resolution of the Star View issue, Don Chadwick advised that they will conduct a follow-up review and report back to the Audit Committee in two months. Further, Star View's plan to reimburse the County will be outlined, including DCFS' internal controls to prevent a reoccurrence.

Lori Glasgow expressed her concern regarding Star View overcharging the Wraparound Program approximately \$44,000 in cellular phone expenditures with no plan to reimburse.

In response to Lori Glasgow, Don Chadwick stated that they are working very closely with DCFS on the Wraparound Program to include contract language that addresses proposed corrective measures. **On motion of Genie Chough, seconded by Lori Glasgow and unanimously carried, the Committee continued this item to its February 21, 2008 Audit Committee meeting.**

Los Angeles County Fair Association Audit Report for the Year ended December 31, 2006 (12/4/07): **On motion of Lori Glasgow, seconded by Genie Chough and unanimously carried, the Committee received and filed this report.**

Fiscal Review of Crittenton Services for Children and Families – A Group Home Foster Care Contractor (12/5/07): Lori Glasgow reported that based upon the Auditor's report the agency received about \$86,000 in overpayments and potentially about \$150,000 in additional monies.

In response to Lori Glasgow, Don Chadwick advised that if the agency is being cooperative and they have expressed an interest in entering into a repayment agreement, DCFS would continue to conduct business with said agency. Ms. Glasgow requested that Mr. Chadwick report back to the Audit Committee in February regarding a scheduled reimbursement plan. **On motion of Lori Glasgow, seconded by Genie Chough and unanimously carried, the Committee continued this item to its February 21, 2008 Audit Committee meeting.**

Fiscal Review of Hannah's Children's Homes – A Foster Family Agency Contractor (12/5/07):  
**On motion of Lori Glasgow, seconded by Genie Chough and unanimously carried, the Committee received and filed this report.**

AAA Audit Liability Resolution (12/5/07): Jack Skadsem, Auditor Controller's Office, reported that the State advised that the County was liable for about \$63 million. This liability was the result of an audit by the California Department of Aging for the period between FY 1997-98 and FY 2002-03. After three years of discussion and detailed financial reviews, all outstanding issues have been resolved. The final liability is \$256,257, and the necessary funds have been set aside. **On motion of Genie Chough, seconded by Lori Glasgow and unanimously carried, the Committee received and filed this report.**

Group Home Program Monitoring Report – Kids First Foundation, Incorporated – Broad Horizon, Highlander and Mid Valley Youth Center Group Homes (12/5/07): **On motion of Lori Glasgow, seconded by Genie Chough and unanimously carried, the Committee received and filed this report.**

Fiscal Review of Greene Home for Boys – A Group Home Foster Care Contractor (12/5/07):  
**On motion of Lori Glasgow, seconded by Genie Chough and unanimously carried, the Committee received and filed this report.**

Van Ness Recovery House Contract – A Community and Senior Services Workforce Investment Act Program Provider (12/7/07): **On motion of Lori Glasgow, seconded by Genie Chough and unanimously carried, the Committee received and filed this report.**

Fiscal Review of Community Youth Sports and Arts Foundation Group Home Foster Care Contractor (12/10/07): Genie Chough expressed concerns regarding the Group Home results that indicate 2005-06 Audit recommendations were not implemented and issues are not resolved.

Mr. Chadwick reported that DCFS conducted an internal audit on their monitoring functions and how recommendations to contractors are tracked. DCFS plans to implement a program to track all recommendations and provide monthly/quarterly status reports to ensure contractor compliance. **On motion of Lori Glasgow, seconded by Genie Chough and unanimously carried, the Committee received and filed this report.**

Group Home Program Monitoring Report – Little People's World, Incorporated – Harris Avenue, Kalsman Avenue, Cherry Valley and Banning Group Homes (12/11/07): **On motion of Lori Glasgow, seconded by Genie Chough and unanimously carried, the Committee received and filed this report.**

Review of the Treasury's Statement of Net Assets for the Quarter Ended March 31, 2007 (12/11/07): **On motion of Lori Glasgow, seconded by Genie Chough and unanimously carried, the Committee received and filed this report.**

Group Home Program Monitoring Report – Family Solutions, Incorporated – Cobblestone, Health Terrace, Santa Ana and Shadybrook Group Homes (12/11/07): **On motion of Lori Glasgow, seconded by Genie Chough and unanimously carried, the Committee received and filed this report.**

Proposition A Contracts – Department of Health Services Dental Services ( Board Agenda 12/18/07 Item 28) (12/13/07): **On motion of Lori Glasgow, seconded by Genie Chough and unanimously carried, the Committee received and filed this report.**

Fiscal Review of Shamrock Cottage, Inc. – A Group Home Foster Care Contractor (12/17/07): **On motion of Genie Chough seconded by Lori Glasgow and unanimously carried, the Committee received and filed this report.**

Department of Justice Settlement Agreement – October 2007 Monitoring Results (12/17/07): **On motion of Lori Glasgow, seconded by Genie Chough and unanimously carried, the Committee approved continuing this item to its January 17, 2008 Audit Committee meeting.**

#### **Public Comment**

There was none.

#### **Other Business**

The Committee recessed to Closed Session at 2:15 p.m.

The Committee reconvened from Closed Session at 2:30 p.m.

Chair Pinedo reported that both Closed Session items were approved as follows:

Closed Session: Government Code Section 54956.9 – Hudson Lyndsey Foster Family Agency Contract Review – A Department of Children and Family Services Service Provider (11/27/07): **On motion of Lori Glasgow, seconded by Genie Chough and unanimously carried, the Committee received and filed this report.**

DCFS Child Protection Hotline Review (Board Order): **On motion of Lori Glasgow, seconded by Genie Chough and unanimously carried, the Committee received and filed this report.**

#### **Adjournment:**

There being no further business the meeting was adjourned at 2:45 p.m.